Impact of March 1st Cuts on Middle Class Families, Jobs and Economic Security: Iowa

Unless Congress acts by March 1st, a series of automatic cuts—called the sequester—will take effect that threaten hundreds of thousands of middle class jobs, and cut vital services for children, seniors, people with mental illness and our men and women in uniform.

There is no question that we need to cut the deficit, but the President believes it should be done in a balanced way that protects investments that the middle class relies on. Already, the President has worked with Congress to reduce the deficit by more than $2.5 trillion, but there's more to do. The President has put forward a balanced plan to not only avoid the harmful effects of the sequester but also to reduce the deficit by more than $4 trillion in total. The President's plan meets Republicans more than halfway and includes twice as many spending cuts as it does tax revenue from the wealthy. For details on the President's plan click here.

Unfortunately, many Republicans in Congress refuse to ask the wealthy to pay a little more by closing tax loopholes so that we can protect investments that are helping grow our economy and keep our country safe. By not asking the wealthy to pay a little more, Republicans are forcing our children, seniors, troops, military families and the entire middle class to bear the burden of deficit reduction. The President is determined to cut spending and reduce the deficit in a balanced way, but he won't stick the middle class with the bill. The President is willing to compromise, but on behalf the middle class he cannot accept a deal that undercuts their economic security.

Our economy is continuing to strengthen but we cannot afford a self-inflicted wound from Washington. Republicans should compromise and meet the President in the middle. We cannot simply cut our way to prosperity, and if Republicans continue to insist on an unreasonable, cuts-only approach, Iowa risks paying the price.

IOWA IMPACTS

If sequestration were to take effect, some examples of the impacts on Iowa **this year** alone are:

- **Teachers and Schools:** Iowa will lose approximately $6.4 million in funding for primary and secondary education, putting around 90 teacher and aide jobs at risk. In addition about 7,000 fewer students would be served and approximately 50 fewer schools would receive funding.
    - Education for Children with Disabilities: In addition, Iowa will lose approximately $5.8 million in funds for about 70 teachers, aides, and staff who help children with disabilities.
- **Work-Study Jobs:** Around 2,370 fewer low income students in Iowa would receive aid to help them finance the costs of college and around 1,020 fewer students will get work-study jobs that help them pay for college.
- **Head Start:** Head Start and Early Head Start services would be eliminated for approximately 500 children in Iowa, reducing access to critical early education.

- **Protections for Clean Air and Clean Water:** Iowa would lose about $2.4 million in environmental funding to ensure clean water and air quality, as well as prevent pollution from pesticides and hazardous waste. In addition, Iowa could lose another $661,000 in grants for fish and wildlife protection.

- **Military Readiness:** In Iowa, approximately 2,000 civilian Department of Defense employees would be furloughed, reducing gross pay by around $7.4 million in total.

  - Army: Base operation funding would be cut by about $1.5 million in Iowa.

  - Air Force: Funding for Air Force operations in Iowa would be cut by about $0 million.

- **Law Enforcement and Public Safety Funds for Crime Prevention and Prosecution:** Iowa will lose about $135,000 in Justice Assistance Grants that support law enforcement, prosecution and courts, crime prevention and education, corrections and community corrections, drug treatment and enforcement, and crime victim and witness initiatives.

- **Job Search Assistance to Help those in Iowa find Employment and Training:** Iowa will lose about $376,000 in funding for job search assistance, referral, and placement, meaning around 12,680 fewer people will get the help and skills they need to find employment.

- **Child Care:** Up to 300 disadvantaged and vulnerable children could lose access to child care, which is also essential for working parents to hold down a job.

- **Vaccines for Children:** In Iowa around 1,320 fewer children will receive vaccines for diseases such as measles, mumps, rubella, tetanus, whooping cough, influenza, and Hepatitis B due to reduced funding for vaccinations of about $90,000.

- **Public Health:** Iowa will lose approximately $291,000 in funds to help upgrade its ability to respond to public health threats including infectious diseases, natural disasters, and biological, chemical, nuclear, and radiological events. In addition, Iowa will lose about $670,000 in grants to help prevent and treat substance abuse, resulting in around 1,100 fewer admissions to substance abuse programs. And the Iowa Department of Public Health will lose about $61,000 resulting in around 1,500 fewer HIV tests.

- **STOP Violence Against Women Program:** Iowa could lose up to $65,000 in funds that provide services to victims of domestic violence, resulting in up to 200 fewer victims being served.

- **Nutrition Assistance for Seniors**: Iowa would lose approximately $220,000 in funds that provide meals for seniors.

NATIONWIDE IMPACTS

The Office of Management and Budget (OMB) now calculates that sequestration will require an annual reduction of roughly 5 percent for nondefense programs and roughly 8 percent for defense programs. However, given that these cuts must be achieved over only seven months instead of 12, the effective percentage reductions will be approximately 9 percent for nondefense programs and 13 percent for defense programs. These large and arbitrary cuts will have severe impacts across the government.

- **Cuts to education:** Our ability to teach our kids the skills they'll need for the jobs of the future would be put at risk. 70,000 young children would lose access to Head Start, 10,000 teacher jobs would be put at risk, and funding for up to 7,200 special education teachers, aides, and staff could be cut.

- **Cuts to small business:** Small businesses create two-thirds of all new jobs in America. Instead of helping small businesses expand and hire, the automatic cuts would reduce loan guarantees to small businesses by up to approximately $900 million.

- **Cuts to food safety:** Outbreaks of foodborne illness are a serious threat to families and public health. If sequestration takes effect, up to 2,100 fewer food inspections could occur, putting families at risk and costing billions in lost food production.

- **Cuts to research and innovation:** To compete for the jobs of the future and ensure that the next breakthroughs to find cures for critical diseases are developed right here in America, we need to continue to lead the world in research and innovation. Most Americans with chronic diseases don't have a day to lose, but under sequestration progress towards cures would be delayed and several thousand researchers could lose their jobs. Up to 12,000 scientists and students would also be impacted.

- **Cuts to mental health:** If sequestration takes effect, up to 373,000 seriously mentally ill adults and seriously emotionally disturbed children could go untreated. This would likely lead to increased hospitalizations, involvement in the criminal justice system, and homelessness for these individuals.

More detailed explanations of these cuts as well as additional areas that will be impacted include:

Security and Safety

- ***FBI and other law enforcement –*** The FBI and other law enforcement entities would see a reduction in capacity equivalent to more than 1,000 Federal agents. This loss of agents would significantly impact our ability to combat violent crime, pursue financial crimes, secure our borders, and protect national security.

- ***Customs and border patrol*** – U.S. Customs and Border Protection (CBP) would not be able to maintain current staffing levels of border patrol agents and CBP officers as mandated by Congress. CBP would have to reduce its work hours by the equivalent of over 5,000 border patrol agents and the equivalent of over 2,750 CBP officers. Funding and staffing reductions would increase wait times at airports, weaken security between land ports of entry, limit CBP's ability to collect

revenue owed to the Federal government, and slow screening and entry for those traveling into the United States. At the major gateway airports, average wait times could increase by 30-50 percent. At the nation's busiest airports, like Newark, JFK, LAX, and Chicago O'Hare, peak wait times could grow to over 4 hours or more. On the southwest land border, our biggest ports of entry in California and Texas could face wait times of 5 hours or more during peak holiday weekends and travel periods. And at our seaports, delays in container examinations could increase from 2-3 days to 4-5 days, resulting in congestion at terminals, increased transaction costs to the trade community, and reduced availability of consumer goods and raw materials critical to our economy.

- ***Aviation safety*** – The Federal Aviation Administration (FAA) would be forced to undergo a funding cut of more than $600 million. This action would force the FAA to undergo an immediate retrenchment of core functions by reducing operating costs and eliminating or reducing services to various segments of the flying community. A vast majority of FAA's nearly 47,000 employees would be furloughed for approximately one day per pay period, with a maximum of two days per pay period. The furlough of a large number of air traffic controllers and technicians would require a reduction in air traffic to a level that could be safely managed by the remaining staff, resulting in slower air traffic in major cities, as well as delays and disruptions across the country during the critical summer travel season.

- ***Aviation security*** – The Transportation Security Administration (TSA) would reduce its frontline workforce, which would substantially increase passenger wait times at airport security checkpoints. TSA would need to initiate a hiring freeze for all transportation security officer positions in March, eliminate overtime, and furlough its 50,000 officers for up to seven days.

- ***Emergency responders*** – FEMA would need to reduce funding for State and local grants that support firefighter positions and State and local emergency management personnel, hampering our ability to respond to natural disasters like Hurricane Sandy and other emergencies.

Research and Innovation

- ***NIH research –*** The National Institutes of Health (NIH) would be forced to delay or halt vital scientific projects and make hundreds of fewer research awards. Since each research award supports up to seven research positions, several thousand personnel could lose their jobs. Many projects would be difficult to pursue at reduced levels and would need to be cancelled, putting prior year investments at risk. These cuts would delay progress on the prevention of debilitating chronic conditions that are costly to society and delay development of more effective treatments for common and rare diseases affecting millions of Americans.

- ***NSF research –*** The National Science Foundation (NSF) would issue nearly 1,000 fewer research grants and awards, impacting an estimated 12,000 scientists and students and curtailing critical scientific research.

- ***New drug approvals –*** The FDA's Center for Drug Evaluation and Research (CDER) would face delays in translating new science and technology into regulatory policy and decision-making, resulting in delays in new drug approvals. The FDA would likely also need to reduce operational support for meeting review performance goals, such as the recently negotiated user fee goals on new innovative prescription drugs and medical devices.

Economic Growth

- ***Small business assistance*** – Small Business Administration (SBA) loan guarantees would be cut by up to approximately $900 million, constraining financing needed by small businesses to maintain and expand their operations and create jobs.

- ***Economic development*** – The Economic Development Administration's (EDA) ability to leverage private sector resources to support projects that spur local job creation would be restricted, likely resulting in more than 1,000 fewer jobs created than expected and leaving approximately $50 million in private sector investment untapped.

- ***Oil and gas permitting*** - Development of oil and gas on Federal lands and waters would slow down, due to cuts in programs at the Department of the Interior (DOI) and other agencies that plan for new projects, conduct environmental reviews, issue permits and inspect operations. Leasing of new Federal lands for future development would also be delayed, with fewer resources available for agencies to prepare for and conduct lease sales.

Government Services

- ***Food safety*** – The Food and Drug Administration (FDA) could conduct 2,100 fewer inspections at domestic and foreign facilities that manufacture food products while USDA's Food Safety and Inspection Service (FSIS) may have to furlough all employees for approximately two weeks. These reductions could increase the number and severity of safety incidents, and the public could suffer more foodborne illness, such as the recent salmonella in peanut butter outbreak and the E. coli illnesses linked to organic spinach, as well as cost the food and agriculture sector millions of dollars in lost production volume.

- ***Veterans services*** – Although the Department of Veterans Affairs is exempt from sequestration, the Department of Labor's Veterans Transition Assistance Program, which serves over 150,000 veterans a year, would have to reduce operations – leaving thousands of transitioning veterans unserved as they move from active duty to civilian life. The Jobs for Veterans State Grants Program would also experience cuts, translating into a reduction in the capacity to serve tens of thousands of veterans in their efforts to find civilian employment.

- ***National parks*** – Many of the 398 national parks across the country would be partially or fully closed, with shortened operating hours, closed facilities, reduced maintenance, and cuts to visitor services. These closures will hurt the many small businesses and regional economies that depend on nearby national parks to attract visitors to their region.

Education

- ***Title I education funds*** – Title I education funds would be eliminated for more than 2,700 schools, cutting support for nearly 1.2 million disadvantaged students. This funding reduction would put the jobs of approximately 10,000 teachers and aides at risk. Students would lose access to individual instruction, afterschool programs, and other interventions that help close achievement gaps.

- ***Special education (IDEA)*** – Cuts to special education funding would eliminate Federal support for more than 7,200 teachers, aides, and other staff who provide essential instruction and support to preschool and school-aged students with disabilities.

- ***Head Start*** – Head Start and Early Head Start services would be eliminated for approximately 70,000 children, reducing access to critical early education. Community and faith based organizations, small businesses, local governments, and school systems would have to lay off over 14,000 teachers, teacher assistants, and other staff.

Economic Security

- ***Social Security applicant and beneficiary services*** – The Social Security Administration (SSA) would be forced to curtail service to the public and reduce program oversight efforts designed to make sure benefits are paid accurately and to the right people. Potential effects on SSA operations could include a reduction in service hours to the public, and a substantial growth in the backlog of Social Security disability claims.

- ***Senior meals*** – Federally-assisted programs like Meals on Wheels would be able to serve 4 million fewer meals to seniors. These meals contribute to the overall health and well-being of participating seniors, including those with chronic illnesses that are affected by diet, such as diabetes and heart disease, and frail seniors who are homebound. The meals can account for 50 percent or more of daily food for the majority of participants.

- ***Nutrition assistance for women, infants and children*** – Approximately 600,000 women and children would be dropped from the Department of Agriculture's Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) from March through September. At least 1,600 State and local jobs could be lost as a result.

- ***Child care***– Cuts to the Department of Health and Human Services' Child Care and Development Fund would leave 30,000 low-income children without child care subsidies, denying them access to child development programs and ending a crucial work support for many families.

- ***Rental assistance*** – The Department of Housing and Urban Development's (HUD) Housing Choice Voucher program, which provides rental assistance to very low-income families, would face a significant reduction in funding, which would place about 125,000 families at immediate risk of losing their permanent housing.

- ***Emergency unemployment compensation*** – People receiving Emergency Unemployment Compensation benefits would see their benefits cut by nearly 11 percent. Affected long-term unemployed individuals would lose an average of more than $450 in benefits that they and their families count on while they search for another job. Smaller unemployment checks will also have a negative impact on the economy as a whole. Economists have estimated that every dollar in unemployment benefits generates $2 in economic activity.

- ***Homelessness programs*** – More than 100,000 formerly homeless people, including veterans, would be removed from their current housing and emergency shelter programs, putting them at risk of returning to the streets.

Public Health

- ***Mental health and substance abuse services*** – Cuts to the Mental Health Block Grant program would result in over 373,000 seriously mentally ill adults and seriously emotionally disturbed children not receiving needed mental health services. This cut would likely lead to increased hospitalizations, involvement in the criminal justice system, and homelessness for these individuals. In addition, close to 8,900 homeless persons with serious mental illness would not get the vital outreach, treatment, housing, and support they need through the Projects for Assistance in Transition from Homelessness (PATH) program.

- ***AIDS and HIV treatment and prevention*** – Cuts to the AIDS Drug Assistance Program could result in 7,400 fewer patients having access to life saving HIV medications. And approximately 424,000 fewer HIV tests could be conducted by Centers for Disease Control (CDC) State grantees, which could result in increased future HIV transmissions, deaths from HIV, and costs in health care.

- ***Tribal services*** – The Indian Health Service and Tribal hospitals and clinics would be forced to provide 3,000 fewer inpatient admissions and 804,000 fewer outpatient visits, undermining needed health care in Tribal communities.